



USAID
FROM THE AMERICAN PEOPLE

BOSNIA-HERZEGOVINA

QUARTERLY NEWSLETTER

Special 10th Anniversary Edition: 1995 - 2005



USAID Celebrates 10 Years in BiH

Nearly \$1 Billion in Assistance: What Did BiH Get?

USAID is marking 10 years of assistance to BiH just as the country is celebrating the 10th anniversary of the signing of Dayton. USAID, the development assistance arm of the US Government, began working here as soon as the Dayton accords created an environment in which its assistance could be effective. It has spent nearly \$1 billion to improve the lives of citizens and help lay the foundation for a bright future. When BiH citizens hear of this US investment, the first thing they want to know is how did the country benefit. This special edition newsletter at least partly answers that question.

USAID's infrastructure and business loan programs formed the backbone of our emergency assistance efforts immediately after the war. The idea was to tackle the big issues in order to get the country back up and running. Consequently, our \$372 million infrastructure repair program initially targeted large structures such as the Brcko rail bridge pictured above. Later, we shifted focus to assist

minority refugees and displaced persons to return to their homes. Our \$233 million loan program helped businesses restart operations and employ more than 16,000 Bosnians in the process. More recently, our \$164 million economic stabilization programs have helped strengthen the private sector banking system and the public sector's fiscal management. USAID's efforts to improve the treasury systems have already saved BiH taxpayers millions of KMs.

USAID's investment of \$123 million in Democratic Reform efforts has helped local governments become more responsive to their citizens, helped create a stronger private sector media and improved the rule of law through support to the judicial system.

Finally, USAID has spent \$39 million to strengthen the skills of 3,500 Bosnian government and private sector officials through training in BiH and abroad as well as to support programs to fight trafficking in people and assist children without parents.



BiH citizens now enjoy a modern banking system in which credit is widely available and deposits are protected

BiH Banking System is Healthy and Safe

Nearly every BiH citizen has a horror story to tell about losing their bank savings at the start of the war. The experience caused people to lose faith in the banking system, choosing instead to keep their money at home under a mattress.

USAID recognized that progress could not take place in BiH without a modern, secure banking system. Banks needed to regain the trust of citizens so they could start receiving deposits once again. These deposits could then be lent to worthwhile businesses, thus creating jobs and boosting the economy. After collaboration with the U.S. Treasury, USAID signed a grant awarding funds to the newly created Deposit Insurance Agency (DIA) in 2000. The donation included KM 15 million to fund

the equity account and an additional KM 3.3 million to fund the operations of the DIA. Today, some 21 banks are enrolled in the program, which insures citizens' deposits up to 7,500 KM.

In addition to guaranteeing the safety of citizens' deposits, USAID has also carried out a program to strengthen banking supervision to ensure commercial banks are healthy and adequately regulated and depositors are protected from bank failures.

More recently, USAID helped inaugurate the BiH Pledge Registry, a secured financing system involving movable property. BiH citizens now have the same options as those living in Europe and North America. They can obtain credit using property such as vehicles and machinery as collateral.

DEMOCRATIZATION

BiH Citizens Take Control

For five years, USAID's Democracy Network (Demnet) program supported BiH NGOs to improve their supervisory skills and become better service providers.

When the \$7.6 million Demnet program ended in 2004, it had assisted over 130 NGOs with grants, training and technical assistance. These NGOs did everything from working with handicapped children to environmental protection to putting internet-linked computer centers in remote villages. When the Demnet program ended, its BiH staff were able to form the organization Option



Option PlusTrains CCI Staff

Plus, to fill the training gap left by Demnet's closure. Recently, USAID awarded a DemNet follow-on program to the Centers for Civic Initiatives (CCI), a BiH NGO that was a former Demnet client. USAID is pleased that Demnet's success has given Bosnians useful tools to implement programs that are helping their communities.

NEWS IN BRIEF ♦ NEWS IN BRIEF ♦ NEWS IN BRIEF ♦ NEWS IN BRIEF

♦ USAID's \$22 million LAMP project is helping to reduce food imports and expand food exports. It helps increase jobs and expand incomes for farmers, agribusinesses and related market participants. LAMP helps develop strategic plans for agricultural organizations, provides technical assistance, assists in marketing Bosnian products in BiH and abroad and in improving food safe-

ty standards. LAMP has helped create over 800 new jobs to date.

♦ Early on, USAID recognized that BiH is one of the few countries in the region with the potential to earn significant revenues by exporting electricity. Therefore, USAID is providing technical assistance for the restructuring and privatization of the energy sector. This includes the passage of electricity laws

and the establishment of regulatory bodies at the state and entity levels.

♦ Highlights of USAID's \$38 million media program include helping create BiH's first private, independent television network, Mreza Plus., plus supporting BiH's first and only private printer which enabled Nezavisne Novine to print four-color and glossy pages for 20 publications throughout BiH.

USAID LOANS HELP CREATE 16,000 NEW JOBS IN BIH

93% of borrowers experienced significant growth as a result of their loan

USAID's Business Development Program (BDP) was established as an emergency lending program in 1996. The program targeted large and medium-sized private enterprises and was

dedicated to supporting the successful transition to a market-based economy. Typical loans included forestry (logging, sawmills), manufacturing (furniture, metal), agrobusiness (milk products, fruit processing, bread), and construction (building materials).

"BDP helped instill a credit culture that is attracting more foreign investors to BiH" -- Howard Sumka, USAID Mission Director



USAID borrower Vegafruit has grown from 20 to 260 full-time workers and now buys from 7,000 farmers throughout the region

During its seven years of existence, the BDP made nearly 600 loans to BiH enterprises eager to expand business activity but lacking working capital and medium-term financing. The vast majority of these firms were privately owned. Of BDP's 473 clients, 97 were repeat borrowers.

BDP borrowers on average employ 10 more employees than they did when they received the loan. This is in contrast with non-borrower companies, where employee levels have fallen by an average of 16. The BDP concluded operations in 2004.

Anti-Trafficking



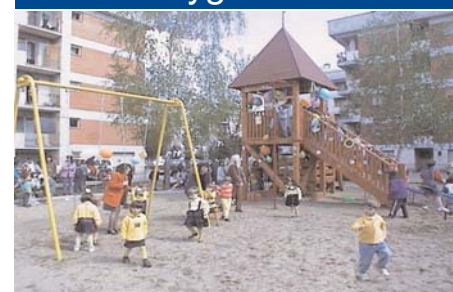
USAID supported a Prevention and Awareness-Raising Campaign on Trafficking in BiH. The nationwide campaign targeted BiH youth, especially potential risk groups such as girls and women between 12 and 25 years of age. The campaign warned of dangers including the spread of HIV/AIDS.

Treasury Systems



USAID's FIMS (Financial Information Management Systems) launched in Mostar in 2004. A computer system that controls spending, FIMS allows the Treasuries to hold people accountable if they violate the public trust. FIMS saved BiH \$13 million in unbudgeted spending in its first 8 months alone.

Playgrounds



USAID invested \$1 million to construct 150 playgrounds and gymnasiums across BiH as part of its efforts to promote community building and reconciliation. Parents, teachers, local police forces and the children themselves were involved in every step of the project to ensure a sense of ownership.

Rebuilding BiH

\$372 Million for BiH Infrastructure Repair



Novo Sarajevo School before reconstruction



Novo Sarajevo School after reconstruction

Infrastructure repair is the most visible of all USAID's programs in BiH.

Starting in 1995, the program targeted structures that would help restart and assist citizens to return to normal living. Some of the most significant efforts included repairs of Kakanj power plant and the Banja Luka District heating system; repair of the Brcko rail, Brod, Dubica and Novi Grad border bridges between Croatia and BiH which enabled businesses to resume exporting their goods; and the construction of

a 5,000 cubic meter reservoir that ended water rationing for most Tuzla residents. All together, USAID power projects directly restored power to 200,000 households, and benefited an additional million people by providing a more stable power supply. USAID repaired schools for 30,000 students, provided water and improved sanitation for 300,000 households, rehabilitated health centers serving 500,000 citizens and repaired roads and bridges used by 40,000 travelers per day.

In 1998, most of the major infrastructure repairs had been made and USAID shifted its focus to supporting the return of minority refugees and displaced persons to their homes. The program relied on direction provided by local officials and returnee groups to determine what kinds of projects were most needed. Eventually, it became clear that, once home, returnees needed a way to earn a living. Therefore, the program expanded to include small grants, loans and technical assistance.

Municipalities Provide Faster Services

Zenica residents can now get a copy of their birth certificate in 20 minutes or less. It used to take an entire day!

The change is the result of the One-Stop Shops financed by USAID in 25 municipalities. Building on this successful model, USAID and the Swedish International Development Cooperation Agency (SIDA) are fund-

ing construction of an additional 40 Shops across the country. The program helps local governments provide better services to their citizens. Municipalities receive modern technology and customer service training for their staff. As a result, waiting times for many services have been cut by nearly 50 percent.



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